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HOW THEY CLOSED

TSE	8879.37	+135.37
CDNX	3084.53	+6.99
DOW	10,584.34	–68.32
NASDAQ	2682.78	+64.23
GOLD (N.Y.)	$263.10	–$0.20
DOLLAR	66.17	–0.19
PRIME RATE	7.50	UNCH

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The Gazette
BUSINESS

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JITEC

Ex-CEO can trade

But Laliberté must inform QSC 24 hours before he deals

DON MACDONALD
The Gazette

The former chief executive officer of **Jitec Inc.** will be allowed to trade company stock as long as he gives the Quebec Securities Commission at least 24 hours notice before making any transaction, the QSC said yesterday.

On Nov. 10, the commission barred Benoit Laliberté from buying and selling Jitec stock after discovering the 28-year-old entrepreneur had traded more than 850,000 company shares through at least seven brokerage accounts and failed to report all the trades or transfers of more than 8 million shares to 35 individuals and companies.

At the time the trading ban was imposed, the QSC's director of enforcement and compliance called the trading activity "completely inappropriate," and said commission staff believed it had the effect of moving Jitec's share price higher.

On Tuesday, a panel of three QSC commissioners accepted a deal worked out between commission staff and Laliberté and ordered the trading ban lifted.

In their decision, the commissioners said the requirement that Laliberté inform the QSC's enforcement director of the nature of any Jitec trade he is proposing to make at least 24 hours in advance reduced the risk of "concealment of trades in Jitec shares."

"We subscribe … to Mr. Laliberté's argument that his commitments are sufficient to circumscribe his activities and ensure the protection of investors," the commissioners said.

Laliberté: interviewed by QSC for two days.

Jitec stock, which hit a high of $11.65 in early August, closed yesterday on the Montreal Exchange at $1.15.

Laliberté owns just under 39 million shares of Jitec, or 72 per cent of the 53.8 million outstanding shares.

The QSC's investigation into manipulation of Jitec's stock is continuing and Laliberté has undergone two days of interviews with commission investigators.

"Mr. Laliberté is one of numerous witnesses that have been interviewed as part of this investigation," the commission said in a statement. "Since (the investigation) hasn't been completed, commission staff have drawn no conclusion regarding the matters under investigation, including those involving Mr. Laliberté."

Commission staff believe the trading ban is no longer necessary given the evolution of the situation, QSC spokesman Denis Dubé said.

Please see **LALIBERTÉ**, *Page E2*

TEDD CHURCH, GAZETTE

Bronya Cuddy (left) and Megan Griffiths of BMW unveil the new Cabriolet M3 at the luxury-car show at Place Bonaventure yesterday.

A fork in the road

Luxury-car show leaves Neons in the dust of the Big O

FRANÇOIS SHALOM
The Gazette

Your eyes will be shielded from harsh, tawdry lighting during the breakaway luxury-car show that opens today at Place Bonaventure, unlike the plebeian show for the masses at the Olympic Stadium later this month.

And instead of common sparkplug companies hocking their wares, you'll find Davidoff cigars, **Holt Renfrew** furs and gowns, a $290,000 bronze sculpture, speedboats and four-wheel ATVs, James Bond's Aston Martin, jewelry from **Tiffany & Co.** and David Yurman, and some fancy-schmancy billiard tables.

All that and a few cars, too.

It's more than a car show, it's a "lifestyle experience," organizers of the inaugural Luxury-Performance-Passion Event insist.

That's if your lifestyle includes pockets deep enough for a Volvo, Jaguar, Mercedes-Benz, BMW, Ferrari, Rolls-Royce, Bentley or Aston Martin.

Lowest price? A reasonable $31,400 or thereabouts for a compact Volvo – stripped bare, with few or no options.

For the serious car buyer, though, the Bentley Azure tucked away in a discreet corner of main floor is more like it, also very reasonable at $522,000.

In a separatist fervour this year after the quasi-calamities and near-disasters at past years' shows, the rump of luxury-car makers broke away from the main pack, whose oh-so-very-common models will be herded into the usual venue, the Olympic Stadium starting Jan. 26.

The near-disasters at the Big O have included plummeting multi-tonne slabs of concrete from Roger Taillibert's mistake, and culminated in the roof's collapsing – again – two years ago, just as car companies were setting up their exhibition booths, seriously injuring a Mazda employee.

> **"We're exhibiting 18 cars here. We would have had room for four at the stadium."**
> *Carol Kitchen of Volvo*

So the show was moved to Place Bonaventure last year. But it was crowded, what with hundreds of models from 40 manufacturers elbowing each other for precious space.

So the Montreal Auto Dealers Association decided carmakers needed the space of the stadium – minus the main playing surface, which is still off limits in winter because of the potential danger. This means exhibits have to hug the walls and corridors of the facility, far from optimal conditions for the car firms, especially the hoity-toity ones.

The luxury companies, on the other hand, decided they liked Place Bonaventure just fine – especially without the riffraff.

"The buyers of these kinds of cars won't have to go and see the Neon and that type of thing," show co-ordinator Paul Vaillancourt said yesterday.

"We want to entertain the people who are going to buy these cars, as well as the people who like to dream."

The fashion/lifestyle show last night, for example, included a playboy and all his leggy girlfriends cooing and billing over his Rolls, a no-nonsense businesswoman and her Berlin model, and the sporty-couple type with their ski-racks and wind-sailing gear atop a gleaming high-priced sports-utility vehicle, unsullied by a speck of snow, slush or salt.

The main advantage of the downtown venue, said Volvo marketing manager Carol Kitchen, is space.

"We're exhibiting 18 cars here," said Kitchen. "We would have had room for four at the stadium."

Roxanne Longpré, spokesman for the dealers' association, said earlier that she was "sad and disappointed" with the luxury-car makers' decision to peel off from the main show.

But organizers for the upstart event are not only unapologetic – they're looking to the future.

"We're working to make this a yearly event," Vaillancourt said.

A dismal scenario for the dealers' association might see mainstream carmakers decide their luxury divisions like **Toyota's** Lexus, **Honda's** Acura, **Nissan's** Infiniti, **Ford's** Mercury-Lincoln and even **GM's** Cadillac, could use more elbow room and split their participation between the two venues.

The question is whether people are willing – or have the time and interest – to fork over $7.50 to see 70 cars, and another $9.50 later this month to see the other 200 or so models at the stadium.

Region lost 65,000 jobs

Could spell trouble for Montreal

Ouch. Despite Montreal's vaunted collection of high-tech industries, our city comes up short in the latest evaluation of Canada's urban economies, trailing Ottawa, Edmonton, Toronto and Calgary to rank a lowly fifth in terms of growth prospects for the coming year.

JAY BRYAN

Nevertheless, there might be better news in the offing, says the Conference Board of Canada, the economic think tank that produces Metropolitan Outlook, a compendium of economic data and five-year forecasts for 11 large Canadian cities. With the Montreal metropolitan area's diverse collection of new-economy industries, the city and region should do very well over the succeeding four years, lagging only Toronto.

Let's hope so, because the past 12 months have been cruel to a city that had just begun to shake off the loser mentality created by a decade of economic stagnation linked to constant crises over Quebec's status within Canada.

After two years of solid economic growth and falling unemployment, the Montreal economy seemed to skid to a halt in 2000. Far from growing robustly, as most had expected, employment actually plunged by a whopping 63,000 in the 12 months ended in December. As a result, Montreal's unemployment rate jumped to 7.8 per cent from the year-earlier 6.7 per cent.

If you fuzz the picture by using three-month moving averages to measure employment in December of 2000 and one year earlier, a technique that minimizes the danger of exaggeration just in case December of 1999 happened to be an exceptionally good month or December of 2000 an unusually bad one, the picture is only a little less gloomy.

This technique, which averages employment levels over October, November and December, then compares the result with the same three months of 1999, still shows a loss of 46,900 jobs.

It's important for us to understand what went wrong in Montreal last year because there is no such phenomenon to be found in any other large Canadian city.

Even with the slowdown in economic activity that was felt in many parts of North America last last year, both Toronto and Vancouver enjoyed powerful employment growth for the whole year. While employment in Montreal was shrinking by 3.7 per cent, Toronto's and Vancouver's both grew by an exceptionally robust 4.9 per cent. That left unemployment at 6.1 per cent in Toronto and 5.8 per cent in Vancouver.

Unless the Montreal problem reflects some sort of massive (and massively improbable) statistical error, the unexpected recent weakness in our economy might even mean that Montreal is not coming back economically quite as rapidly as we had hoped.

> **The old-economy industries continue to shrink, with growth coming from the high-tech arena – which needs fewer workers.**

We can take a preliminary stab at analyzing the problem by looking at where the jobs were lost.

Analyst Martin Tabi at Statistics Canada said one major area of weakness in the Montreal area was the clothing-manufacturing industry, a major employer in this city that shed 17,000 jobs, or nearly one-third of the workers it had a year earlier. Food-processing companies were also hard-hit, cutting 8,000 jobs.

But the most serious loss by far was among educators, with employment dropping by 25,000 during the past year.

(The number of jobs lost in these three areas doesn't exactly match the total number lost, of course, because there were small gains and losses in many other areas of activity.)

A tentative conclusion we can draw is that there are at least two causes for Montreal's weak performance last year.

First, the old-economy industries that sustained Montreal for many years continue to shrink, even as high-tech areas like telecommunications, aerospace, computer technology and biotechnology do well.

What's more, suggests economist Pierre Langlois of the Conference Board, we shouldn't expect to see new industries continue to create a bonanza of new jobs, because the technologies underlying these industries are advancing so fast that it takes fewer and fewer people to turn out the same amount of output.

A second cause of the recent weak employment is simply that some Montreal schools are closing because of weak population growth, while others are unable to find the new teachers they need as the current generation of middle-aged ones begins to retire.

Each of these phenomena has different implications. Rapid productivity growth in high-tech industries might restrain job growth, but it won't kill it as long as those industries continue to grow quickly. A shortage of teachers, on the other hand, hardly seems a good foundation on which to build a knowledge economy.

GM parts supplier coming to Quebec

Province to help in setting up plant

General Motors of Canada will announce today that a new automotive supplier will set up shop in Quebec, with help from the provincial government.

"It's going to be a great announcement, with lots of jobs," said a spokesman for Bernard Landry, deputy premier and minister of finance.

A spokesman for the **Société Générale de Financement du Québec**, a provincial investment agency, added that it involves a foreign company that is going to build an auto-parts plant in Quebec.

GM Canada spokesman Stew Low wouldn't comment on the announcement in advance of today's press conference, which will be attended by Maureen Kempston Darkes, president of GM Canada.

"It's an announcement with a supplier of ours," Low said.

Landry, a touted replacement to outgoing Premier Lucien Bouchard, has worked relentlessly to attract automotive-sector investments to Quebec, and to save the province's only auto-assembly plant in Sainte-Thérèse. The GM factory is slated to discontinue production of the two models made there, the Pontiac Firebird and Chevrolet Camaro next year.

The supplier is not affiliated with the Canadian Auto Workers, which represents about 22,000 workers at GM plants in Canada.

However, a union spokesman expressed cautious optimism that the announcement could indirectly benefit Sainte-Thérèse. Parts suppliers are most often located near major auto-assembly plants for easy transport of products.

"I would have to read it as a positive sign," Peter Kennedy said from the union's Toronto headquarters.

Last week, Sylvain Demers of the CAW local in Sainte-Thérèse, said the plant could survive until 2004 if GM decides to move production of a model being phased out from Oshawa, Ont., to Quebec.

GM officials have said engineers in Detroit are studying the feasibility of injecting $40 million to retool the plant north of Montreal to build a front-wheel drive model.

GM has said that a feasibility study will be completed by Feb. 11.

GM reports earnings. *Page E2*

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